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Letter dated 2 September 2005 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism, addressed to the President of the Security Council

I write with reference to my letter of 3 May 2005 (S/2005/295). The Counter-Terrorism Committee has received the attached fourth report from the United Arab Emirates, submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I should be grateful if you would arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant
to resolution 1373 (2001) concerning counter-terrorism

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Annex

Letter dated 25 August 2005 from the Permanent Representative of the United Arab Emirates to the United Nations, addressed to the Chairman of the Counter-Terrorism Committee

I have the honour to refer to your letter dated 6 April 2005 regarding the third report of the United Arab Emirates and to enclose herewith the additional information requested by your Committee on the implementation of measures taken by the United Arab Emirates in the field of counter-terrorism and the effectiveness of the protection of the financial system (see enclosure).

In addition, the following documents are enclosed:

1. The Regulations concerning anti-money-laundering procedures;
2. Forms for reporting the receipt, transfer and exchange of money;
3. Forms for reporting suspicious financial transactions;
4. Forms for reporting remittances.

(*Signed*) Abdulaziz Nasser **Al-Shamsi**
Ambassador
Permanent Representative

Enclosure*

[Original: Arabic]

Response of the United Arab Emirates to the questions of the Security Council Committee established pursuant to resolution 1373 (2001)

1. Implementation measures

Effectiveness of the protection of the financial system

1.1 **In order better to understand the working of the unit on money-laundering and suspicious cases established by the Central Bank, referred to on page 4 of the first report, the CTC would appreciate receiving a copy of circular No. 24/2000 dated 14 November 2000, which was referred to on page 4 of the supplementary report. In addition, the CTC would appreciate learning whether the criteria for suspicious transactions under this circular are applicable to all the authorities in the country and elsewhere with whom the unit on money-laundering and suspicious cases has open channels of communication (page 4 of the first report).**

Attached hereto is a copy of the Regulation on Anti-Money-Laundering Measures introduced in circular No. 24/2000, dated 14 November 2000. According to article 2 of the said Regulation, the criteria for suspicious transactions and related procedures apply to banks, bureaux de change, finance companies and other financial institutions operating in the United Arab Emirates as well as members of the boards of directors and employees of such institutions. They further apply to branches and companies belonging to financial institutions established in the United Arab Emirates and operating outside the country if the States in which such branches and subsidiary companies operate do not apply any such procedures or apply less stringent procedures. Other authorities in the United Arab Emirates have established criteria for suspicious transactions that suit the fields of activities engaged in by the entities in question within the framework of Regulation No. 24/2000, as follows:

1. Charitable associations in the United Arab Emirates

Charitable associations are licensed and overseen by the Ministry of Labour and Social Affairs of the United Arab Emirates (hereinafter referred to as "the Ministry") in accordance with Federal Law No. 6 of 1974 on charitable associations, decrees issued by the Ministry and regulations issued by the Central Bank and the Ministry of Economy and Planning concerning anti-money-laundering measures, all of which are explained in detail below:

(a) Federal Law No. 6 of 1974, on charitable associations, defines such an association as being "any group having an organization characterized by continuity for a specified or unspecified period, established by natural or artificial persons for the purpose of carrying out social, religious, cultural, educational or artistic activities, providing humanitarian services or realizing a pious goal or other welfare objective, whether by providing material or moral assistance or technical know-how,

* Attachments are on file with the Secretariat and are available for consultation.

and striving in all its activities to take part in such works solely for the public good, without receiving any material gain". The Law may be summarized as follows:

- Article 14 of the Law provides as follows:

  An association shall not take part in any conferences or meetings outside the United Arab Emirates unless it has obtained prior authorization from the Ministry, nor shall it belong to, participate in or join any association or body having its headquarters outside the United Arab Emirates unless it has obtained approval from the Ministry of Labour and Social Affairs and the Ministry of the Interior.

- Article 15 provides as follows:

  The Ministry shall have the right of guidance and technical supervision over the association's programmes and projects within the framework of its objectives defined in its charter. It may organize training courses and provide advice and sponsorship of various kinds so as to raise the level of services and enhance performance efficiency.

- Article 22 provides as follows:

  The Shareholders' Meeting shall convene in a regular session once a year during the three months following the close of the fiscal year for the following purposes:

  - To adopt the minutes of the previous meeting;
  - To approve the report of the Board of Directors on its work during the year just ended and its programmes of action and work plan for the new year;
  - To approve the end-of-the-year financial statements and balance sheet and the draft budget for the new year;
  - To study proposals submitted by members within the legal time limit established in the charter of the charitable association;
  - To elect the Board of Directors or fill vacancies;
  - To appoint an auditor and fix his remuneration.

- Article 29 provides as follows:

  The association must deposit its cash assets in its own name in one of the country's banks and notify the Ministry thereof.

- Article 30 provides as follows:

  The association must spend its money on achieving the objective for which it was established and shall not be permitted to engage in trade in any manner whatsoever or in financial speculation.

- Article 35 provides as follows:

  The association is not allowed to collect donations by any means whatsoever without having first obtained permission to do so from the Ministry. Nor may it receive gifts, benefits or aid from any person or

entity outside the United Arab Emirates, or grant the same, without having first obtained permission therefor from the Ministry.

– Article 40 provides as follows:

No group or entity shall be permitted to carry on any of the activities of associations before the completion of the related announcement procedures. In the event of any violation, the Ministry may issue a decree suspending the activity and closing the centres that are in violation. The competent authorities of the State shall be required to implement such decree, using coercive means if necessary, without prejudice to the related criminal responsibility or civil liability.

– Conditions governing the registration and announcement of any charitable association:

No charitable association shall be registered and announced unless the following conditions are met:

- The number of founders must be at least 20;
- Members must be aged at least 18 years;
- Members must have the enjoyment of their full civil rights, an excellent reputation and praiseworthy conduct; furthermore, no custodial sentence in any offence involving a breach of honour or morality must have been handed down against them, unless they have been rehabilitated or granted amnesty in respect of the penal consequences thereof;
- The founders must convene in an initial meeting of shareholders to establish the charter of the association, which must contain the following particulars:
  - The name of the association and its headquarters in the United Arab Emirates;
  - The purpose for which the association is being established;
  - The full name, age, occupation and place of residence of each of the founders;
  - The conditions and types of membership, the procedures for its acceptance and cancellation and the rights and duties of members;
  - The manner of forming the Board of Directors as well as its powers, working procedures, number of members and term;
  - The rules and bases governing the organization of regular and extraordinary Shareholders' Meetings, their convocation procedures, the conditions under which they are considered validly held and their powers;
  - The income of the association, the modalities of use and disposal thereof, the manner of supervising its expenditure and the year-end financial report;
  - The rules governing the amendment of the association's charter, the establishment of branches or merger with other associations;

- The conditions governing the voluntary dissolution of the association and the rules governing its liquidation and the fate of its works;

• Requests for the registration of applications shall be accorded priority based on society's need for such associations and their activities, the consistency of their aims and purposes with the aims of volunteer work and the extent to which they satisfy the conditions stipulated in the law; in addition, the Ministry shall seek to obtain advice from competent official entities by forwarding the application to them in order to learn of their views;

• With regard to auditing and supervision, the Ministry exercises supervision over associations by means of field visits and the examination of books, records and entries, which according to the law and decrees must be in order; oversight of associations must be based on reports of auditors and the Department of Accounting;

(b) Ministerial decrees issued concerning the revenues and expenditures of charitable associations:

• Ministerial decree No. 193 of 1999 concerning the uniform financial system, which contains a number of articles relating to the organization of the income and expenditures of charitable associations, as follows:

- Charitable associations are not allowed to collect funds or contributions from inside or outside the State without a permit from the Ministry;

- The charitable association's funds must be spent in accordance with its specified aims and objectives, the expenditure of any amount for other purposes being prohibited;

- The charitable association must submit a copy of the final statement of account to both the Ministry and the Department of Accounting within 15 days from the date on which it is approved by the Shareholders' Meeting;

- The accounts of the charitable association shall be subjected to an internal financial audit to ascertain the proper management of its funds, whether revenues or expenditures; for that purpose the Ministry may at any time examine its ledgers, records and documents whenever it so deems necessary.

• Ministerial Decree No. 348 of 1993, concerning authorization to collect funds, according to which charitable associations operating within the State are not permitted to collect funds from the public by any means or for any purpose unless they have first obtained a permit issued by the Ministry of Labour and Social Affairs; nor is it permissible to accept donations, benefits or grants from any person or entity outside the United Arab Emirates or grant the same before obtaining a written permit for that purpose from the Ministry; in this regard, any turning to the public for contributions in any manner whatsoever is deemed to be collection of funds.

The conditions governing the granting of permits to collect funds are as follows:

- The applicant charitable association must have been announced in accordance with the provisions of Federal Law No. 6 of 1974, as amended;

- The results of the inspection of the charitable association for the last fiscal year must be satisfactory from the financial and social standpoints;
- The purpose of the collection of funds must be clearly defined, socially acceptable and relevant to the activity of the charitable association;
- The names and identities of the persons to whom the task of collecting the funds is entrusted must be specified;
- The name of a bank situated in the State must be specified for the deposit of the funds, and in the event that the permit is granted, the Ministry must be informed of the account number within three days from the date of issue of the permit;
- The charitable association must undertake not to transfer any amount outside the State for the account of any party except upon the prior approval of the Ministry and after submitting conclusive vouchers in respect thereof;
- Prior permits shall be subject to clearance;
- An application for a permit must be submitted to the Ministry and must indicate the manner and purpose of the collection of funds, the number and value of stamps and tickets or printed receipts and the period for which the permit is requested;
- No account may be opened at any bank in the State for the deposit of any sums collected in accordance with the above-mentioned Decree and belonging to any charitable association, whether already announced or in process of establishment, without prior approval in writing by the Ministry. Nor may any such sum be transferred out of the State by any charitable association, whether already announced or in process of establishment, until approval of such transfer in writing has been obtained from the Ministry.

• Under Ministerial Decree No. 538 of 1994, charitable associations are required to provide any assistance offered by them outside the country through the Red Crescent Society or through agencies specified by the authorities in other States.

• Article 5 of Regulation No. 14/93 issued by the Central Bank to all banks operating in the country prohibits the opening of any accounts for charitable associations so long as they do not produce a true copy of the "announcement decision" issued and signed by the Minister of Labour and Social Affairs. It also makes it a requirement for banks to update their information concerning account-holders if any subsequent changes take place in that information.

2. Regulation on *hawaladar* (*hawala* broker) registration and reporting

The Second International Conference on *Hawala*, held in Abu Dhabi from 3 to 5 April 2004, issued a final statement identifying the challenges facing informal funds transfer systems that are not subject to official control and calling for the application of best practices and procedures with regard to the *hawala* system and other informal funds transfer systems in accordance with the Abu Dhabi Declaration on *Hawala*.

The statement also called on States to register and/or license informal transfer systems as a first step and to apply other requirements on combating money-

laundering and terrorism to the extent that they are able to do so. It further urged the Financial Action Task Force on Money-Laundering (FATF) and other international financial institutions to make an effort to develop additional guidelines in that regard.

The Third International Conference on *Hawala*, held in Abu Dhabi on 2 and 3 April 2005, issued a final statement in which it reaffirmed the substantial achievements realized as a result of the First and Second Conferences on *Hawala*. It also acknowledged the key social and economic role played by *hawala* and other informal funds transfer systems in facilitating funds transfer operations, especially remittances from workers abroad. Indeed, one of the principal successes of the Conference was its contribution towards raising awareness of the role of informal funds transfer systems.

On 1 April 2003, the Central Bank of the United Arab Emirates issued the Regulation on *hawaladar* (*hawala* broker) registration and reporting.

In line with the results of the International Conference on Hawala held in May 2002 and the Abu Dhabi Declaration on *Hawala*, the Central Bank of the United Arab Emirates prepared a Regulation on the Registration and Supervision of *hawaladars* (*hawala* brokers), announced in the local press, requesting *hawala* brokers to register with the Bank and obtain a free certificate and demanding that they provide it with details on transferors and transferees on a form prepared for that purpose. It also requests them to submit reports on suspicious transfers.

On of the most important consequences of the *hawala* brokers regulation is the undertaking on the part of the brokers to provide the Central Bank of the United Arab Emirates with details on *hawalas* received and issued by them and to report any suspicious transfers on forms prepared by the Central Bank.

The Regulation will undoubtedly greatly help to limit money-laundering and/or terrorist financing operations and to make it possible to obtain any information on funds transferred from and to the country at any time via those brokers as well as information concerning the persons making or receiving the transfers, whenever required.

To date, 158 persons have come forward to obtain the "*hawala* broker's" certificate. Certificates have been issued to 145 applicants who met the requirements, while the remaining 13 are currently in the process of completion of the requirements for the issuance of certificates to them as *hawala* brokers.

3. Cash couriers

In accordance with article 6 of Federal Act No. 4 of 2002, which makes money-laundering a criminal offence, and on the basis of the discussions completed, at the time of its passage, among the country's Customs departments, the Board of Governors of the Central Bank of the United Arab Emirates took the decision to issue, on 26 November 2002, regulations concerning the declaration of amounts of cash brought into the United Arab Emirates by travellers and in shipments, postal packages and packages carried by courier companies.

The minimum amount for which declaration is required is set at 40,000 dirhams in the case of persons aged 18 years or over.

The said regulations on declaration also require customs officials at airports, harbours and land border-crossing centres to provide all travellers with the form prepared for that purpose and request them to fill it in, so as to maintain information, data and documents on those persons who bring sums of money into the country, in order that such information, data and documents may be produced and used as evidence whenever the need arises.

4. The Ministry of Economy and Planning of the United Arab Emirates has issued to all insurance companies, brokers, auditors and public accountants operating in the country regulations concerning anti-money-laundering measures that set out in detail the requirements for ascertaining the identity of clients and for reporting suspicious transactions, as well as other obligations.

5. The Emirates Securities and Commodities Authority has issued regulations concerning anti-money-laundering measures. The measures apply to the country's licensed stock markets and brokers. Under those regulations, the settlement of transactions whose value exceeds 40,000 dirhams requires appropriate certification as well as verification of the identity of the investor by means of original documents and the keeping of copies of those documents in the records. In addition, the unit on money-laundering and suspicious cases must be notified of suspicious transactions.

6. Dubai International Financial Centre

The financial free zones operate under Federal Law No. 8 of 2004 concerning financial free zones, passed on 14 March 2004 and published in the official gazette of the United Arab Emirates, vol. 34 (Muharram 1425—March 2004), No. 409.

The said Law contains 10 articles dealing with a variety of questions covering the establishment of definitions of the free zone, financial activities, supporting activities, financial banking activity, companies and institutions and measures to prevent money-laundering through the application of Federal Law No. 4 of 2002 on the criminalization of money-laundering, and also the field of application of the provisions of other federal laws, with the exception of civil and commercial federal laws. The Law affirms the need for financial free zones to comply with its provisions as well as other obligations, which relate to international conventions ratified or acceded to by the United Arab Emirates.

7. Gold and jewellery markets

The gold and jewellery markets are subject to a number of anti-money-laundering measures. Trade in gold has its own supervision, under the umbrella of trade organizations. The diamond trade, on the other hand, is subject to the Kimberley Process pursuant to Federal Law No. 13 of 2004, concerning the control of the import, export and transit of rough diamonds, which was passed on 20 July 2004. The Law's 24 articles deal with numerous subjects, including the definition of the Kimberley Process.

The international certification scheme relating to international trade in rough diamonds and conflict diamonds, which are used by rebel movements or their allies to finance struggles aimed at overthrowing legitimate Governments, is based on the relevant Security Council resolutions in force or any other resolutions adopted by the Security Council in the future and General Assembly resolution 55/56 or any similar resolutions adopted by the General Assembly in the future. In accordance

with the regime for the importation of rough diamonds in keeping with the Kimberley Process, the competent authority is requested not to receive any rough diamond unless it is accompanied by the Kimberley Process certificate and to order any person who has imported rough diamonds to return them to the appropriate party. The regime governing the passage in transit of rough diamonds into the country requires that they be accompanied by the Kimberley Process certificate, and the competent authority is required to seize any rough diamond passing in transit out of the country if it is not accompanied by a Kimberley Process certificate or is in an open container. The Law in question also indicates the penalties provided for violations. The United Arab Emirates acceded to the international Kimberley Process Certification Scheme in respect of international trade in rough diamonds in November 2002 and began certifying rough diamonds exported from the country on 1 January 2003.

The Dubai Metals and Commodities Centre is the authority authorized to issue Kimberley Process certificates in the United Arab Emirates and has full-time employees to administer the Kimberley programme. Prior to 1 January 2003 the Centre distributed an "Emirates certificates" form to all States members of the Kimberley Process and began a public relations campaign to educate diamond merchants operating in Dubai regarding the Kimberley Process requirements.

United Arab Emirates customs officials may return or even confiscate any diamond coming from a State member of Kimberley Process whenever the certificate or other Kimberley Process requirements are not met.

1.2 **The CTC notes that as part of Federal Decree No. 1 of 2004 concerning counter-terrorism, article 31 authorizes the Public Prosecutor to freeze and seize funds, assets, etc. At the same time, article 32 of the same Decree empowers the Governor of the Central Bank with the same authority for a period of seven days, without being subject [sic] to Article 31. The CTC would appreciate receiving a further clarification regarding the cases in which the implementation of each article has been undertaken [sic].**

Inasmuch as the Public Prosecutor is in charge of public proceedings in the country, it is essentially he who, as provided in article 31 of Federal Law No. 1 of 2004 on the suppression of terrorist offences, is responsible for issuing decisions to freeze or attach any funds, assets, accounts, property or revenues suspected of being used for committing or financing any of the offences provided for in the Law, wherever they may be within the territory of the United Arab Emirates and irrespective of the attributes or capacity of the person in whose possession they happen to be. A decision of the Public Prosecutor in this regard shall not be for a limited period of validity, but shall rather remain in force until the completion of the investigations conducted in connection with the offence or offences.

A decision of the Governor of the Central Bank pursuant to article 32 of the same Law, on the other hand, is a temporary decision whose duration is limited to seven days. The Law grants him that power to enable him quickly to take appropriate decisions with regard to funds, assets, accounts or revenues suspected of being used in the commission or financing of a terrorist offence, concerning which it is essential to take rapid decisions, even before the start of any criminal investigations, provided that such assets are in the possession of a financial institution placed under the supervision of the Central Bank.

1.3 **Please outline the relevant domestic provisions that have been adopted on the strength of laws and/or circulars and/or have been affected by the creation of the unit on money-laundering and suspicious cases by the Central Bank and the enforcement of the new Federal Decree No. 1 of 2004 [sic].**

The relevant local provisions that have been adopted on the strength of laws and/or circulars and/or affected by the creation of the unit on money-laundering and suspicious cases at the Central Bank and the enforcement of Federal Decree-Law No. 1 of 2004 can be summarized as follows:

(a) Penalties, some of which were adopted under the Penal Code, promulgated by Federal Law No. 3 of 1987, and the Code of Criminal Procedure, promulgated by Federal Law No. 35 of 1992;

(b) Obligations and responsibilities of governmental agencies, most of which have been adopted pursuant to Federal Law No. 4 of 2002, which makes money-laundering a criminal offence, and Central Bank circular No. 24/2000, concerning a system of measures to combat money-laundering;

(c) The submission of relevant reports on suspicious cases or transactions to the Central Bank's unit on money-laundering and suspicious cases established pursuant to Regulation No. 24/2000, on anti-money-laundering measures, and Federal Law No. 4 of 2002, which makes money-laundering a criminal offence.

1.4 **In addition, the CTC would appreciate knowing how many suspicious transaction reports (STRs) were received by the Central Bank's unit on money-laundering and suspicious cases from the following entities outlined on page 5 of the first report:**

- **Banks;**
- **Exchange offices;**
- **Finance companies;**
- **Other financial institutions operating in the State.**

Suspicious transaction reports received by the Central Bank's unit on money-laundering and suspicious cases up to 31 March 2005:

Banks	1 098
Exchange offices	164
Finance companies	1
Others	1 222*
Total	**2 485**

* The figure for "Others" includes:

Customs	115
Police/Ministry of the Interior	284
Office of the Public Prosecutor	221
Other authorities of the United Arab Emirates	602
Total	1 222

1.5 **The CTC would also be interested to learn about specific procedures that have been introduced for ordinary persons and corporations wishing to establish commercial activities in the United Arab Emirates (on pages 5 and 6 of the first report).**

By means of a letter dated 5 December 2001,* the national anti-money-laundering committee requested all authorities and agencies in free zones in the United Arab Emirates to adopt measures in respect of natural or artificial persons wishing to establish any of type of business in the free zones and to apply those measures to persons desiring to obtain a licence for the establishment of a joint venture or joint ventures with natural or artificial persons who are nationals of the United Arab Emirates or any other State. The authorities and agencies in free trade zones subsequently affirmed that they were applying the required measures for the establishment of such ventures in the name of natural or artificial persons in accordance with said letter.

1.6 **With regard to the system for registering and monitoring money transfer (*hawala*) agencies, set up by the Central Bank, as referred to on page 7 of the third report, the CTC would be interested in receiving information on:**

1.6.1 **The criteria used by these agencies to decide if transactions are to be considered as suspicious, and consequently to be reported to the anti-money laundering unit (see page 7 of the third report)**

The criteria applied by *hawaladars* (*hawala* brokers) to decide whether a transfer is suspicious and consequently send a report concerning it to the Central Bank's unit on money-laundering and suspicious cases are the same as those that apply to transfers effected by banks, bureaux de change and other financial institutions in respect of suspicious transactions under Regulation No. 24/2000 on anti-money-laundering measures, Federal Law No. 4 of 2002, which makes money-laundering a criminal offence, and Federal Decree-Law No. 1 of 2004 on the suppression of terrorist offences.

1.6.2 **How many suspicious transaction reports have been received from these agencies by the anti-money laundering unit thus far?**

There have been 158 applications for *hawaladar* registration certificates, 145 of which have been issued, while the remaining 13 are still in the application-completion stage. To date, the unit on money-laundering and suspicious cases has not received any suspicious transaction reports from *hawala* brokers.

1.6.3 **The CTC is also seeking further clarification concerning the form prepared for these purposes by the Central Bank. The third report (at page 7) suggests that there are two forms: the one intended to provide the Bank with details about persons making and receiving money transfers, and the other intended to report any suspicious transactions by these agencies. The CTC is interested in learning whether these are two different forms or if there is just one form. In either case, the CTC would appreciate receiving a copy thereof.**

* Copy annexed as attachment 2.

The reports submitted to the Central Bank by *hawala* brokers are as follows:

(a) Details concerning transferors (schedule a);

(b) Details concerning transferees (schedule b);

(c) Report on suspicious transfers in the event that they are suspected of being about to take place immediately (schedule 3)

For a copy of the regulation on the submission of reports to the Bank and the related forms, see attachment 3.

1.7 **Regarding the effective implementation of paragraph 1 (a) of the resolution, does the United Arab Emirates provide training to its administrative, investigative and judicial crew to enforce laws related to:**

- **Typologies and trends on terrorism financing methods and techniques;**
- **Techniques for tracing property that is the proceeds of crime or is to be used to finance terrorism and ensure that such property is seized, frozen and confiscated?**

Please outline corresponding programs or/and courses. What mechanisms/programs does United Arab Emirates have in place to educate its various economic sectors on how to detect suspicious and unusual transactions related to terrorist activities and to prevent the movement of illicit money?

The Judicial Training and Studies Institute holds training courses organized for judicial trainees and agents of the Office of the Public Prosecutor which include specialized subjects in the area of counter-terrorism in general, with special emphasis on technical questions relating to the suppression of terrorist financing.

The unit on money-laundering and suspicious cases has since its establishment held 110 training courses, conferences, symposia and workshops on combating money-laundering and terrorism in cooperation with experts from the United States of America, the United Kingdom, United Nations agencies and others.

The United Arab Emirates attaches overriding importance to the training of officials, inspectors, members of the Prosecutor's Office and other legal authorities, through the Central Bank of the United Arab Emirates and the unit on money-laundering and suspicious cases.

Some of those programmes and symposia were attended by representatives of the Ministry of the Interior; the police; the Ministry of Justice, Islamic Affairs and Endowments; law-enforcement authorities; customs; banks and bureaux de change and employees of the Central Bank and the unit on money-laundering and suspicious cases. They included the following:

- Training course on combating money-laundering, held in November 2001 with the participation of speakers from the Federal Bureau of Investigation (FBI), the Office of Foreign Assets Control, the internal security services and the Customs Department of the United States of America;
- A programme entitled "terrorist financing and money-laundering" held by the FBI and the internal security services in early 2002;

- Training course on inspection and prosecution in connection with money-laundering offences, held in Dubai in early 2004 by the Judicial Training and Studies Institute in cooperation with the Central Bank of the United Arab Emirates, the Dubai Department of Justice and the United States Department of Justice;
- Workshop on combating international terrorism, organized in March 2004 by the Ministry of Justice with the participation of the Vienna-based Terrorism Prevention Branch of the United Nations Office on Drugs and Crime (UNODC);
- A symposium on the application of the United States Patriot Act of 2001 in the banking and investment fields, organized in November 2004 by the Central Bank of the United Arab Emirates and Messrs. Patton Boggs, a law firm in the United States of America.

Training courses for employees of banks, bureaux de change and other financial institutions in the country have been and continue to be organized as needed. Participants are trained in methods for picking out unusual and suspicious transactions connected with terrorist activities and preventing the flow of illegal funds.

1.8 **The CTC notes from article 31 of Federal Decree No. 1 of 2004 that the Governor of the Central Bank may order the freezing of funds suspected of being linked to terrorism. In this regard, the CTC would appreciate receiving the number of cases in which the article has been invoked by the competent authorities since the above Federal Decree was enacted.**

Federal Decree-Law No. 1 of 2004 on the suppression of terrorist offences was promulgated by His Highness the President of the United Arab Emirates on 29 July 2004.

Article 32 of the Decree-Law provides that the Governor of the Central Bank may order the freezing or attachment of funds suspected of being connected with terrorism for a period of up to seven days. There have been no reports of cases by the competent authorities in connection with the said article since the issuance of the Federal Decree-Law nearly a year ago.

1.9 **With regard to the Federal anti-Money Laundering Law that was enacted in January 2000 (page 4 of the first report) the CTC would appreciate receiving the number of suspicious transactions reported on third party cheques and letters of credit, pursuant to the Central Bank circulars referred to at page 4 of the first report.**

With regard to Federal Act No. 4 of 2002, which makes money-laundering a criminal offence and which came into force in January 2002, to date there have been 18 reports of suspicious transactions connected with third-party cheques and 2 reports concerning letters of credit, based on Central Bank circulars. Measures relating to third-party cheques and letters of credit come under articles 12 and 9, respectively, of Regulation No. 24/2000 on anti-money-laundering measures, dated 14 November 2000.

1.10 **According to the first report submitted by the United Arab Emirates, the Central Bank established unit on money-laundering and suspicious cases maintains open channels of access to all the relevant authorities in the country**

and elsewhere (page 4 of the first report). The CTC would appreciate receiving an organizational chart, similar to such provided at page 15 of the supplementary report, indicating all those authorities that have to report to this unit. In addition, the CTC would appreciate learning which authorities, from those to be outlined in the organizational chart, have reported suspicious transactions to the unit thus far.

The annexed organizational chart* provides an outline of the authorities required to report to the unit and the suspicious transaction reports received from the banks, exchange offices and finance companies referred to under point 1.4.

In addition, the following authorities have sent suspicious transaction reports to the unit:

- The Emirates Securities and Commodities Authority;
- The Federal Customs Authority;
- The Ministry of Economy and Planning (included here are insurance companies and auditing firms);
- Other authorities, including the police and representative offices.

1.11 **In relation to the decision issued by the Minister of Justice (page 4 of the first report) prohibiting the collection of charitable contributions without a licence, the CTC would appreciate receiving information regarding the number of violations that have been committed since the issuance of this prohibition. The CTC would also like to know what procedures have been invoked by the United Arab Emirates in the case of each of these violations.**

No violations of the prohibition against the collection of charitable contributions have occurred since the issuance of the decision of the Minister of Justice, Islamic Affairs and Endowments. This is due to the compliance of those to whom that decision is addressed with the provisions of the decision and to the assiduity of the country's competent authorities in pursuing its implementation.

Effectiveness of inter-State cooperation in criminal matters

1.12 **The CTC would welcome receiving a progress report concerning the enactment of a special law on international legal and judicial cooperation (pages 8 and 12 of the third report). The CTC would also welcome receiving a further clarification regarding the modalities of cooperation this special law is intended to encompass (for example, the extradition of fugitive suspects; mutual legal assistance; transfer of criminal proceedings; transfer of sentenced persons; and the recognition and validity of foreign criminal judgements, the freezing of proceeds of crime or assets intended to finance terrorist acts).**

It should be pointed out that comprehensive draft provisions governing international cooperation in criminal matters have in fact been prepared. They comprise questions relating to the exchange of offenders, mutual assistance in criminal matters, the transfer of sentenced persons and other related provisions pertaining to international judicial cooperation in criminal matters. A study of provisions of the law is currently being carried out by the experts concerned in the Ministry of Justice, Islamic Affairs and Endowments with a view to its ultimate

* See attachment 4.

presentation to the competent legislative authorities. As for questions relating to foreign criminal judgements concerning the freezing, attachment and confiscation of funds, recourse is had to the relevant texts contained in the anti-money-laundering and counter-terrorism laws and the general provisions contained in the Penal Code and the Code of Criminal Procedure.

1.13 **The CTC takes note of the outlined bilateral treaties at pages 12 and 13 of the supplementary report which date to several years before the adoption of the resolution in September 2001. The CTC also notes that several draft bilateral agreements with other countries were being studied with a view to their eventual signature (page 12 of the first report submitted in March 2002). Therefore, the CTC would welcome a progress report in relation to the conclusion of those other bilateral agreements.**

The United Arab Emirates has worked together with a number of other States with a view to concluding bilateral agreements that have reached the final stages:

- Draft agreement on security cooperation and combating drugs between the United Arab Emirates and the Republic of Tunisia;
- Draft agreement on security cooperation and civil defence between the United Arab Emirates and Finland;
- Draft agreement on cooperation in the field of suppression of international terrorism, illegal trade in narcotics and organized crime between the United Arab Emirates and Turkey;
- Draft agreement on security cooperation between the United Arab Emirates and Italy;
- Draft agreement on combating terrorism and organized crime between the United Arab Emirates and Pakistan;
- Draft agreement on cooperation in the field of combating organized crime, terrorism and other highly dangerous crimes between the United Arab Emirates and Kazakhstan.

The list of bilateral agreements in the field of international judicial cooperation in criminal matters concluded by the United Arab Emirates since submitting its first report in 2002 is as follows:

- Federal Decree No. 60 of 2002 concerning an agreement on judicial and legal cooperation between the Government of the United Arab Emirates and the Government of the Syrian Arab Republic;
- Federal Decree No. 25 of 2003 concerning an agreement on the extradition of criminals between the Government of the United Arab Emirates and the People's Republic of China;
- Federal Decree No. 26 of 2003 concerning judicial agreements between the Government of the United Arab Emirates and the Government of the Republic of Armenia;
- Federal Decree No. 8 of 2005 concerning an agreement between the Government of the United Arab Emirates and the Government of the Sudan on mutual legal assistance in criminal matters and the extradition of criminals;

- Federal Decree No. 12 of 2005 concerning an agreement on the extradition of criminals between the United Arab Emirates and the Government of the Islamic Republic of Pakistan.

Effectiveness of Counter-Terrorism machinery

1.14 **Effective implementation of legislation covering the various aspects of the resolution requires States to have in place effective and coordinated executive machinery, as well as to create and utilize adequate national and international anti-terrorist strategies. In this regard the CTC would appreciate knowing whether the Integrated Counter-Terrorism Strategy and/or the Plan of Detecting and Preventing Terrorist Activities in the territory of United Arab Emirates deal with the following forms or aspects of counter-terrorist activity:**

- **Criminal investigation and prosecution;**
- **Counter-terrorist intelligence (human and technical);**
- **Special forces operations;**
- **Physical protection and [sic] potential terrorist targets;**
- **Strategic analysis and forecasting of possible [sic] threats;**
- **Analyses of efficiency of anti-terrorist legislation and relevant amendments;**
- **Border and immigration control, control of prevention of trafficking in drugs and biological and chemical weapons and the illicit use of radioactive materials [sic].**

The United Arab Emirates deals with the forms or aspects of counter-terrorist activity indicated in this question. The State has passed Federal Law No. 1 of 2004 on the suppression of terrorist offences. However, owing to the fact that this legislation is quite recent and has consequently not been in force for long, having been passed on 28 July 2004 and published in the 11 August 2004 issue of the Official Gazette, it is difficult to estimate its effectiveness over such a short period.

It should be mentioned that the legislative policy of the United Arab Emirates prescribes a periodic review of domestic laws with a view to ascertaining their effectiveness in the practical sphere.

1.15 **Effective implementation of paragraph 2 (e) of the resolution requires each Member State, inter alia, to have in place effective police, intelligence and/or other structures as well as adequate legal provisions to detect, monitor and apprehend those involved in terrorist activities, as well as those supporting terrorist activities, with a view to ensuring that those persons are brought to justice. In this context, please indicate which special investigative techniques can be used in the United Arab Emirates in cases of terrorism (e.g. interception of communications; electronic surveillance; observation; undercover operations; controlled delivery; anonymous informants; cross-border pursuits; the electronic bugging of private or public premises etc.). Please explain the legal conditions that govern their use. Please specify whether they may only be applied to suspects, and whether a court must first sanction their use. Please also specify the period of time for which they may be used. Could the United**

Arab Emirates also indicate whether these special investigative techniques can be used in cooperation with another State?

There exist in the United Arab Emirates security services for the control of terrorist activities as well as an anti-money-laundering unit in the Central Bank. Moreover, there is coordination among all State agencies. The State is able to make use of search and investigation techniques in cooperation and coordination with other States in accordance with the regulations and via the established channels through surveillance operations of all kinds, information exchange, the pursuit of criminals and the collection of evidence on persons suspected of being involved in terrorist activities.

1.16 **With a view to bringing terrorists and their supporters to justice, please indicate whether the United Arab Emirates has taken any measures to protect vulnerable targets in terrorist cases, (for example, victims, witnesses or other persons assisting the court, judges and prosecutors). Please describe the legal and administrative provisions that the United Arab Emirates has put in place to ensure this protection. Could the United Arab Emirates please outline whether these measures can be utilized in cooperation with, or at the request of another State?**

No specific legal texts exist concerning assistance to victims, witnesses or persons assisting the court, judges or public prosecutors, but timely administrative measures are taken to protect and assist them according to the circumstances whenever the case so requires.

1.17 **In the context of the effective implementation of paragraph 2 (e), could the United Arab Emirates provide the CTC with information relating to the number of persons prosecuted for:**

- **Terrorist activities;**
- **The financing of terrorist activities;**
- **Recruiting to terrorist organizations;**
- **Providing support to terrorists or terrorist organizations.**

Federal Act No. 4 of 2002, which makes money-laundering a criminal offence.

1.18 **The CTC takes note of the United Arab Emirates' detailed outline of its legislative measures aimed at criminalizing illegal procurement and possession of firearms, ammunition or explosive substances throughout pages 5, 6 and 7 of the supplementary report. In this regard, the effective implementation of paragraph 2 (e) [sic] of the resolution requires each Member State, inter alia, to have in place an appropriate mechanism to deny terrorists access to weapons. With regard to this requirement of the resolution, as well as to the provisions of the Convention on the Marking of Plastic Explosives for the purpose of Detection, to which the United Arab Emirates is a party, please provide the CTC with information relevant to the following questions:**

A. Regulations and administrative procedures

- **What national measures exist to prevent the manufacture, stockpiling, transformation [sic] and possession of undistinguished or inadequately distinguished:**

• Plastic explosives;

• Other explosives and their components [sic]?

The measures in place to prevent the manufacture, stockpiling, transformation and possession of undistinguished or inadequately distinguished plastic explosives and other explosives and their components are as follows:

- Registration of all hazardous materials, including explosives of all types, with the country's customs authorities. The legal procedures in force must be completed before any shipment is released;
- Tightened controls on the import and export of chemicals susceptible of being used in the development of weapons of mass destruction;
- Tightened controls on import and export operations at border-crossing points;
- Guarding of explosives warehouses by Ministry of the Interior guards and ongoing inspection of explosives warehouses;
- Tight surveillance of the acquisition, manufacture, transport and use of explosives;
- Supervision of compliance with the rules established for persons dealing with explosives in agencies, companies and institutions.

Memorandums of understanding exist between the United Arab Emirates and a number of States such as the United States of America, Germany, France and Pakistan on judicial cooperation and legal assistance with respect to:

(a) Extradition of criminals;

(b) Letters rogatory;

(c) Execution of judgements;

(d) The combating of drugs.

B. Export control

- **In relation to the border guard units of the armed forces, which work in coordination with the Ministry of Justice and are responsible for guarding State borders (page 9 of the third report), please provide responses to the following questions. What control procedures are used to detect and intercept the unlawful transfer of arms, ammunition, explosives or radioactive, biological, chemical or other poisonous substances, objects or materials that may be used for the purposes of committing a terrorist act? What mechanisms exist for the exchange of information regarding the sources, routes and means that may be used by arms-traders?**

Control procedures used to detect and intercept the unlawful transfer of arms, ammunition, explosives or radioactive, biological, chemical or other poisonous substances, objects or materials that may be used [sic]:

- The Department of Control of Explosives and Hazardous Materials of the Civil Protection and Safety Administration of the General Directorate of Civil Defence is in charge of supervising and monitoring compliance with the conditions governing the transport, handling and use of explosives for peaceful purposes;

- Control of movements of explosives and soundness of procedures;

- Securing of explosives convoys during the transport of explosives by sea or on land in connection with export, import or transit operations involving the United Arab Emirates;

- Securing of explosives convoys during transport within the United Arab Emirates, whether between one Emirate and another or within an individual Emirate.

- **In relation to the import of weapons and ammunition according to the Federal Law No. 11 of 1976 (pages 6 and 7 of the supplementary report) and/or any further relevant domestic legislation and regulations, is it necessary to lodge and register, or check the goods declaration and supporting documents relating to firearms prior to the import, export or transport [sic] movement of the goods, as well as encourage importers, exporters or third parties to provide information to Customs prior to their shipment? Please outline also any appropriate mechanisms used to verify the authenticity of licence or authorization documents for the import, export or transport [sic] movements of firearms?**

  Yes. The mechanisms are as follows:

- With regard to the mechanisms used to verify the authenticity of licence or authorization documents for import and export:

  1. The armed forces issue authorizations;

  2. The Ministry of the Interior/General Directorate of Criminal Security/Department of Investigation/Weapons and Explosives Division verifies the authenticity of licence documents and their issuance in coordination and cooperation with the General Directorates of the Police/Licence Division;

- There are no authorities specifically for the importation of weapons and ammunition in the United Arab Emirates other than the General Command of the Armed Forces and Internal Security (Ministry of the Interior). Everything imported is received from Customs by Internal Security or the Armed Forces. No entity whatsoever is permitted to import weapons of any kind otherwise than as mentioned above, and the incoming goods are delivered direct to the importing entity without the intervention of any other entity. No entry of weapons of any kind or transit thereof to any entity via the territory of the United Arab Emirates is permitted without prior authorization from the Ministry of the Interior. Moreover, the temporary warehousing of weapons and ammunition and the related warehouses are under the surveillance of the Ministry of the Interior.

- The control procedures used to detect and intercept the unlawful transfer of arms, ammunition, explosives or radioactive, biological, chemical or other poisonous substances, objects or materials that may be used for the purposes of committing a terrorist act are as follows:

  1. The border guard and coast guard units guard the country's borders against any infiltration or smuggling activities;

2. The border guard and coast guard have been provided with modern surveillance radar to detect any infiltration or smuggling;

3. The radar operator reports any vehicle or person that attempts to infiltrate into the country to the armed response group so that it may move to intercept the intruder before he or it crosses into the United Arab Emirates;

4. In the event of arrest, precautionary measures are taken in respect of the arrested persons and any forbidden items in their possession;

5. In case they manage to escape, recourse is had to the helicopter on hand for pursuing infiltrators;

6. In cases where there is advance information regarding a smuggling operation, patrols and security procedures are heightened and an ambush for the operation is set up.

– **Has the United Arab Emirates implemented principles for the assessment of the risk of use [sic] and special security measures on the import, export and transport [sic] of firearms, such as conducting security checks on temporary storage, warehouses and means of transport of firearms? Are persons involved in these operations required to undergo a security check? If yes, please give details.**

Yes. The United Arab Emirates has passed a firearms and ammunition law covering all materials connected with such matters. The firearms licensing departments exercise strict control over the possession and circulation of firearms based on the texts adopted for that type of licence, the procedures required for that purpose and the apprehension of violators of such licences in accordance with existing laws, regulations and directives.

C. Brokering

– **Do existing laws require the disclosure of the names and locations of brokers carrying out arms transactions or those possessing licenses or authorizations for arms import or export and also any documents accompanying those transactions [sic]?**

Yes, existing laws require the disclosure of the names and locations of brokers carrying out arms transactions or those possessing licenses or authorizations for arms import and also any documents accompanying those transactions.

– **Are there legal provisions in place to allow for the sharing of information with foreign counterparts to enable cooperation in preventing the shipment of firearms, their parts and components and ammunition, as well as explosives and their component parts [sic]?**

There are no legal provisions to allow for the sharing of information with foreign counterparts with a view to cooperation in preventing the shipment of firearms, their parts and ammunition, as well as explosives and their component parts. This takes place rather through bilateral and multilateral agreements between the United Arab Emirates and other States.

The universal agreements on the prevention and combating of terrorism

1.19 **The CTC would welcome receiving a progress report on UAE plans to become a party to the existing universal instruments on the prevention and combating of terrorism, inasmuch as the United Arab Emirates is not yet a party to them [sic] (see page 12 of the third report).**

In this context, the CTC wishes to remind United Arab Emirates, in relation to it's reference to the Arab Convention on the Suppression of Terrorism, that joining regional terrorism conventions cannot be viewed as an alternative to becoming a party to and implementing in domestic law all the international conventions and protocols related to terrorism. In this regard, the CTC recalls paragraph 3(d) of the resolution, which calls upon all States "to become parties as soon as possible to the relevant international conventions and protocols relating to terrorism, including the International Convention for the Suppression of the Financing of Terrorism of 9 December 1999".

To this end, the CTC would appreciate receiving a new report on the conventions to which the United Arab Emirates has become [sic] a party in order to bring it into compliance with the resolution. The CTC is particularly interested in receiving a new report on United Arab Emirates efforts to become a party to the terrorist financing convention and the terrorist bombings convention.

List of counter-terrorism conventions to which the United Arab Emirates has acceded since submitting its first report in March 2002

1. The 1973 Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, ratified by Federal Decree No. 14 of 2003;

2. The 1979 International Convention against the Taking of Hostages, ratified by Federal Decree No. 68 of 2003;

3. The 1980 Convention on the Physical Protection of Nuclear Materials, ratified by Federal Decree No. 66 of 2003.

In addition, in 2004 the United Arab Emirates ratified the Gulf Cooperation Council convention on counter-terrorism by Federal Decree No. 45 of 2004.

With regard to the 1988 Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation and the 1988 Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, the country's instrument of ratification of the Convention and the related Protocol was deposited on 26 September 1995 by virtue of Federal Decree No. 75, issued on 30 July 2005. The date of their entry into force with respect to the United Arab Emirates, however, is 14 December 2005, pursuant to article 18 of the Convention and article 6 of the Protocol.

The United Arab Emirates ratified the 1997 International Convention for the Suppression of Terrorist Bombings by Federal Decree No. 92 of 2005, dated 10 August 2005. The instrument of ratification has been deposited with the Secretary-General of the United Nations.

The United Arab Emirates ratified the 1999 International Convention for the Suppression of the Financing of Terrorism by Federal Decree No. 91 of 2005, issued on 10 August 2005. The instrument of ratification has been deposited with the Secretary-General of the United Nations.

It should be pointed out that prior to the accession of the United Arab Emirates to all the international conventions, Federal Law No. 1 of 2004 on the suppression of terrorist offences contained provisions criminalizing the acts referred to in all the conventions concerning terrorism.